

# EXHIBIT I

An email from the Bay View Association of the United Methodist Church.

# Bay View Association

of the United Methodist Church

The purpose of this email is to provide our members with relevant, factual information concerning the membership litigation, the HUD complaint, and the proposed by-law amendments on the ballot for the August 4th Annual Meeting.

It has become clear through questions addressed to the Board and staff, through the By-law Forum on July 7th, and the Town Hall meeting on July 14th, that misinformation regarding these three topics is pervasive in our community. This email is intended to provide our membership with facts so that informed decisions can be made, and in order to maintain transparency with our members.

#### **LAWSUIT FILED IN US DISTRICT COURT AND HUD COMPLAINTS**

The lawsuit filed in US District Court is separate from the complaints filed with the Department of Housing and Urban Development (HUD). The lawsuit is being adjudicated by the court system. The HUD complaints will be addressed by HUD.

With respect to the lawsuit, we do not know the names of individual members of the plaintiff group, with the exception of two members who have spoken on their behalf during the failed mediation and settlement discussions. The lawsuit and all attachments, which are public information, have been added to the Bay View website and we encourage all members to read the complaint and attachments. There are 5 Counts alleged in the complaint and the relief requested begins on Page 22 of the complaint.

There are 8 exhibits to the complaint. Exhibit I of the lawsuit is part of the Plaintiffs request for relief. The plaintiffs are asking to strike any language in our Articles of Association and bylaws that relates to the composition of Methodist board members and other references to the Methodist Church. See Exhibit I on the website. The response to the complaint by the Association's attorney has also been added to the website.

With respect to HUD, the names of the complainants are of public record. The HUD complaints and the response to the complaints by the Association's attorney have been added to the website.

The cost of the lawsuit and HUD complaints is being covered by our insurance provider, and the same attorney, Mike Bogren, is representing Bay View Association on both.

#### **BOARD OF TRUSTEE ACTIONS REGARDING THE LAWSUIT**

The BOT supports defending Bay View against the membership litigation and HUD complaints because we believe our members should have the right to determine our membership policies and not have them dictated by a court or the regulatory system.

In mid-June, the BOT proposed framework for discussing potential resolution of the lawsuit to the plaintiff group. The essence of the proposed framework was to separate cottage ownership from Chautauqua membership and thus remove any religious requirement for cottage ownership. This framework would have also allowed family members to inherit the family cottage without a religious test. The plaintiff group flatly rejected our proposal. The BOT is still open to working with the Plaintiffs group on a settlement and we await a written counter-proposal.

#### **BOARD OF TRUSTEE ACTIONS REGARDING THE BY-LAW AMENDMENTS**

At the July 6th Board meeting, the Board discussed both proposed bylaw amendments in closed session.

For the amendment that would change the membership requirements, the Board sensed that there would not be unanimous support for this amendment so they did not vote. This is consistent with previous practice on member initiated bylaw amendments concerning membership.

For the proposed amendment on membership responsibility, which is the second amendment on the ballot, the Board voted unanimously to support the amendment.

#### **CORRECTING MISINFORMATION ON BAY VIEW'S NON-PROFIT STATUS WITH THE METHODIST CHURCH**

The administration has been in regular communication with the Methodist Church concerning the federal lawsuit and HUD complaints. The Church has never taken a position, or had any involvement with, deciding our membership requirements.

We have also received no information or indication from the Methodist Church that passage of either of the proposed bylaw amendments would affect our tax-exempt status under the IRS group ruling.

Alternatively, if the plaintiffs prevail in their lawsuit claims, Bay View will have to separate itself from the Methodist Church and, as a result, will need to obtain its own 501(c)(3) tax exempt status. (See EXHIBIT I.)

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